

**TOWN OF HILLIARD, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
**September 30, 2024**

**TOWN OF HILLIARD, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
September 30, 2024  
**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>INTRODUCTORY SECTION</b>	
List of Principal Officials	5
<b>FINANCIAL STATEMENTS</b>	
Independent Auditor's Report	7 - 9
Management's Discussion and Analysis	10 - 23
<b>Basic Financial Statements</b>	
Statement of Net Position	25 - 26
Statement of Activities	27
Governmental Funds	
Balance Sheet	28
Statement of Revenues, Expenditures and Changes in Fund Balances	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Fund	
Statement of Net Position	31 - 32
Statement of Revenues, Expenses and Changes in Net Position	33
Statement of Cash Flows	34
Fiduciary Fund	
Statement of Net Position	35
Statement of Revenues, Expenses and Changes in Net Position	36
Notes to Financial Statements	37 - 69
<b>Required Supplementary Information</b>	
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	71
Special Revenue Fund - Local Option Gas Tax Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	72
Special Revenue Fund - Discretionary Sales Tax Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	73

**TOWN OF HILLIARD, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
September 30, 2024  
**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
Notes to Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual	74
Schedule of Changes in Total OPEB Liability and Related Ratios	75
Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System and Health Insurance Subsidy Program	76
Schedule of Contributions - Florida Retirement System and Health Insurance Subsidy Program	77
Notes to Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions	78 - 79
<b>SUPPLEMENTRY INFORMATION</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	81
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	82
<b>OTHER REPORTS AND LETTERS</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83 - 84
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	85 - 87
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance In Accordance with Chapter 10.550, <i>Rules of the Auditor General</i> , Office of the Auditor General	88 - 90
Schedule of Findings and Questioned Costs	91 - 94
Management Letter	95 - 97
Independent Accountant's Report on the Town's Compliance with the State of of Florida's Investment of Public Funds	98
Communication with Those Charged with Governance	99 - 100
Impact Fees Affidavit	101

## **INTRODUCTORY SECTION**



## **FINANCIAL STATEMENTS**



**Powell and Jones CPA**

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

## **INDEPENDENT AUDITOR'S REPORT**

April 20, 2025

To the Town Council  
Town of Hilliard, Florida

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Hilliard, Florida (the Town) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter – Prior Period Adjustment**

As discussed in Note 15 to the financial statements, it was determined that certain lease related balances during the year ended September 30, 2023 were not properly presented in the financial statements. This resulted in a prior period adjustment to the lease-related balances in the General Fund and Governmental Activities portion of the Government-wide financial statements. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there

are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and government auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other schedules related to the Town's retirement benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance

on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance have been fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



**POWELL AND JONES CPA**  
Lake City, Florida  
April 20, 2025

**TOWN OF HILLIARD, FLORIDA  
MANAGEMENT DISCUSSION AND ANALYSIS**

The Town of Hilliard, Florida (the Town) offers readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2024. We hope this will assist readers in identifying any significant financial issues and changes in the Town’s financial position.

**FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded the liabilities at the close of the most recent fiscal year by \$17,312,694 (*net position*).
- The Town’s total net position increased by \$1,631,262. An increase of \$1,004,307 was attributable to governmental activities and an increase of \$626,955 for business-type activities.
- As of the close of the current fiscal year, the Town’s governmental funds reported a combined ending fund balances of \$2,589,119, an increase of \$144,753 in comparison with the prior year. Of this amount, \$527,580 is available for spending at the government’s discretion (unassigned or assigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$527,580, or more than 15.6% of the total general fund expenditures and transfers out.
- The Town’s total debt decreased by \$664,612 during the current fiscal year, due to the net of annual debt service payments, and the changes of actuarially determined balances for the Town’s net pension liabilities related to their participation in the Florida Retirement System and Other Post Retirement Benefits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**The funds used by the Town are as follows:**

	<u>Number</u>	<u>Fund Type</u>
Governmental Fund	001	General Fund
Governmental Fund	101	Special Revenue (Local Option Gas Tax)
Governmental Fund	120	Special Revenue (Discretionary Sales Tax)
Proprietary Fund	401	Water and Sewer

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town's is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, transportation, health services, and culture and recreation. The business-type activities of the Town include water and sewer utilities.

The government-wide financial statements can be found on pages 25 - 27 of this report.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Local Option Gas Tax and Discretionary Sales Tax Funds, all of which are considered to be major funds.

The Town adopts an annual budget for all its major funds. A budgetary comparison statement has been provided for general and special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28 - 30 of this report.

**Proprietary Funds:** The Town maintains only one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its Water and Sewer Utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Utilities.

The basic proprietary fund financial statements can be found on pages 31 - 34 of this report.

**Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to provide support to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains one fiduciary fund type: a custodial fund. The custodial fund reports resources, not in a trust, held by the Town for parties outside the Town's reporting entity. The fiduciary fund financial statements can be found on pages 35 - 36.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 - of this report.

#### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$17,312,694 at the close of the most recent fiscal year.

By far, the largest portion of the Town's net position (79.36%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Hilliard, Florida**  
**Statement of Net Position**  
**September 30, 2024**

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position was \$1,635,767. At times in the past, this balance has been reported as a deficit which had been due to the implementation of certain state standards requiring the Town to report its pro rata shares of the pension liabilities from the Florida Retirement System and Other Post-Employment Benefits. Due to the fact that the Town's management does not anticipate being required to directly fund related portions of this deficit, when this condition occurs, it is not considered to be detrimental. The Town anticipates periodic adjustments to current contribution rates to fund the net pension liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023 (restated)	2024	2023	2024	2023 (restated)
Current assets	\$ 3,174,102	\$ 2,626,792	\$ 2,529,771	\$ 3,063,705	\$ 5,703,873	\$ 5,690,497
Capital assets, net	7,840,026	6,935,579	9,715,010	9,214,544	17,555,036	16,150,123
Lease receivable	209,294	208,692	-	48,679	209,294	257,371
Interfund balances	(499,457)	-	499,457	-	-	-
Total assets	<u>10,723,965</u>	<u>9,771,063</u>	<u>12,744,238</u>	<u>12,326,928</u>	<u>23,468,203</u>	<u>22,097,991</u>
Deferred outflows	<u>384,797</u>	<u>457,771</u>	<u>174,482</u>	<u>229,392</u>	<u>559,279</u>	<u>687,163</u>
Current liabilities	232,693	320,615	591,903	650,123	824,596	970,738
Long-term liabilities	1,043,719	1,390,128	4,185,929	4,516,897	5,229,648	5,907,025
Total liabilities	<u>1,276,412</u>	<u>1,710,743</u>	<u>4,777,832</u>	<u>5,167,020</u>	<u>6,054,244</u>	<u>6,877,763</u>
Deferred inflows	<u>481,978</u>	<u>172,026</u>	<u>178,566</u>	<u>53,933</u>	<u>660,544</u>	<u>225,959</u>
Invested in capital assets, net of related debt	7,840,026	6,935,579	5,899,010	5,258,026	13,739,036	12,193,605
Restricted	2,017,445	1,886,833	599,429	532,363	2,616,874	2,419,196
Unrestricted	(507,099)	(476,347)	1,463,883	1,544,978	956,784	1,068,631
Total net position	<u>\$ 9,350,372</u>	<u>\$ 8,346,065</u>	<u>\$ 7,962,322</u>	<u>\$ 7,335,367</u>	<u>\$ 17,312,694</u>	<u>\$ 15,681,432</u>

**Town of Hilliard, Florida**  
**Changes in Net Position**  
**For the Year Ended September 30, 2024**

**Governmental Activities** – Governmental activities increased the Town’s net position by \$1,004,307.

**Business-Type Activities** – Business-type activities increased the Town’s net position by \$626,955. This increase was primarily attributable to the receipt of a state grant in the amount of \$597,000 that offset the costs of the Town’s Oxford Street Force Main project.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023 (Restated)	2024	2023	2024	2023 (Restated)
<b>Revenues</b>						
Charges for service	\$ 374,213	\$ 341,317	\$ 1,380,566	\$ 1,394,109	\$ 1,754,779	\$ 1,735,426
Grants and contributions	1,133,439	2,082,328	597,000	12,000	1,730,439	2,094,328
General revenues	2,546,430	2,432,694	110,084	102,787	2,656,514	2,535,481
<b>Total revenues</b>	<b>4,054,082</b>	<b>4,856,339</b>	<b>2,087,650</b>	<b>1,508,896</b>	<b>6,141,732</b>	<b>6,365,235</b>
<b>Expenses</b>						
General government	886,801	1,112,267	-	-	886,801	1,112,267
Public safety	148,299	131,992	-	-	148,299	131,992
Transportation	673,990	807,299	-	-	673,990	807,299
Health services	42,282	46,915	-	-	42,282	46,915
Parks and Recreation	775,204	668,802	-	-	775,204	668,802
Interest on long-term debt	-	-	118,540	121,643	118,540	121,643
Water and sewer	-	-	1,833,491	2,015,199	1,833,491	2,015,199
<b>Total expenses</b>	<b>2,526,576</b>	<b>2,767,275</b>	<b>1,952,031</b>	<b>2,136,842</b>	<b>4,478,607</b>	<b>4,904,117</b>
<b>Increase (decrease) in</b>						
net position before transfers	1,527,506	2,089,064	135,619	(627,946)	1,663,125	1,461,118
Transfers	(523,199)	(1,909,439)	523,199	1,909,439	-	-
Loss on cancellation of lease agreement	-	-	(31,863)	-	(31,863)	-
<b>Change in net position</b>	<b>1,004,307</b>	<b>179,625</b>	<b>626,955</b>	<b>1,281,493</b>	<b>1,631,262</b>	<b>1,461,118</b>
Net position, beginning of year	8,346,065	8,166,440	7,335,367	6,053,874	15,681,432	14,220,314
<b>Net position, end of year</b>	<b>\$ 9,350,372</b>	<b>\$ 8,346,065</b>	<b>\$ 7,962,322</b>	<b>\$ 7,335,367</b>	<b>\$ 17,312,694</b>	<b>\$ 15,681,432</b>

**Financial Analysis of the Town’s Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town’s net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the Town’s governmental funds reported combined ending fund balances of \$2,589,119, an increase of \$144,753 in comparison with the prior year. The unassigned fund balance is \$527,580, which is available for spending at the Town’s discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay debt service, 2) to cover annual contracts, or 3) for a variety of

other restricted purposes. The non-spendable part of fund balance is \$44,094 represents prepaid items at year end.

The general fund is the chief operating fund of the Town, with the streets, recreation, fire and airport departments all reporting within the general fund. The Public Service Tax revenue along with the Communications Service Tax is also reported within this fund and can be spent at the Town's discretion.

The Local Option Gas Tax Fund reflects the balance of the local option gas tax revenues that have been transferred from the General Fund and are yet to be used to cover qualifying transportation-related expenses.

The Discretionary Sales Surtax Fund reflects the balance of the discretionary sales surtax revenues from the General fund that have not been used to cover qualifying capital purchases as budgeted for within the various departments of the Town.

**Proprietary Fund** - The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$1,463,883. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

## 2024 Budgetary Highlights

The following is a summary of the differences between the original and the final amended budget:

- **General Fund Surplus:** At the end of the fiscal year, the General Fund's budget was amended to show a surplus of \$51,864 due to reduced inter-fund transfers.
- **Water & Sewer Fund Deficit:** The fund's amended budget showed an excess of expenditures, requiring a budgeted Cash Carry Forward of \$98,576 to cover fiscal year expenses.
- **State Shared Revenues:** Actual revenues surpassed initial estimates by \$46,481, increasing General Fund revenue at year-end.
- **Local Option Gas Tax Revenue:** Revenue came in \$39,103 lower than expected, decreasing the Special Revenue Fund's income.
- **Discretionary Sales Tax Fund:** A total of \$396,312 in budgeted expenditures for the General & Proprietary Funds was not spent during the fiscal year. Discretionary Sales Tax Fund *transfers to other funds* was adjusted to reflect actual expenditures.
- **Recreation Department Revenue Growth:**
  - Youth sports, kids' programs, memberships, and rentals generated \$145,256 more than budgeted, prompting an amendment to reflect actual revenue.
  - Town events revenue exceeded projections by \$26,340, reducing the original amount budgeted for transfer to culture by \$18,935.
- **Grant Fund Adjustments:**
  - The General Fund Recreation Department budget was amended to reflect actual expenditures of FDEP FRDAP grant funds, which were uncertain at the time of budgeting.

- Similarly, the General Fund Airpark Department adjusted its budget for FAA and FDOT grant expenditures based on actual year-end figures.
- The Proprietary Fund was amended to align with actual CDBG grant expenditures.
- **Inter-Fund Transfers:** Adjustments based on fiscal year needs resulted in an overall decrease in budgeted amounts of \$72,434 for transferred funds.
- **Salary Adjustments:**
  - General Fund General Government salaries increased by \$42,709 due to a long-term employee's retirement.
  - Recreation Department salaries rose by \$44,839 due to an additional full-time position.
  - Proprietary Fund salaries decreased by \$31,229 due to a full-time vacancy that remained unfilled.
- **Proprietary Fund Expenses:** Certain operational expenses, such as Repairs & Maintenance and Operating Supplies, were underestimated at budget time, requiring year-end adjustments.

Schedules of budget and actual comparisons for the general and special revenue major funds appear on pages 71 - 73 of this report.

### **Capital Asset and Debt Administration**

**Capital Assets** – The Town's investment in capital assets for its governmental and business type activities as of September 30, 2024, amounts to \$17,555,036 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system, improvements, machinery and equipment and park facilities. The total increase in the Town's net investment in capital assets for the current fiscal year was 8.7% (a 13.0% increase for governmental activities and a 5.4% increase for business-type activities).

2024 major capital asset events during the fiscal year include the following:

#### **General Government Fund**

##### **General Government**

##### *Machinery and Equipment IT Refresh Project*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the IT Refresh Project which included: purchase of a new copier with attachments, a document scanner with electrical setup, monitors and accessories, monitor arms for ergonomic workspaces, a router for enhanced network performance, and HDMI adapters for connectivity. These upgrades support improved document management, workplace productivity, and overall IT infrastructure reliability.

Capital funds expended for fiscal year 2023-24	\$43,674
<b>Fiscal year project total</b>	<b>\$43,674</b>

##### **General Transportation – Street**

*Infrastructure*  
*Ingham Road Drainage Improvement*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the Ingham Road Drainage Improvements project, which included the installation of dual walls and pipes, concrete work, and the finishing of culvert ends. These improvements enhance stormwater management, reduce flooding risks, and improve roadway durability.

Capital funds expended for fiscal year 2023-24	\$42,502
<b>Fiscal year project total</b>	<b>\$42,502</b>

*Infrastructure*  
*NW Quadrant Street Improvements*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the NW Quadrant Street Improvements project, which included the rental of a towing road grader and purchase of asphalt millings. These upgrades improve road grading, enhance roadway surfaces, and support long-term infrastructure maintenance.

Capital funds expended for fiscal year 2023-24	\$31,323
<b>Fiscal year project total</b>	<b>\$31,323</b>

*Machinery and Equipment*  
*Franklin Equipment Sales – Maverick Kawasaki Mower*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the purchase of a Maverick Kawasaki Mower from Franklin Equipment Sales. This mower enhances the town's landscaping capabilities, ensuring efficient and high-quality lawn maintenance.

Capital funds expended for fiscal year 2023-24	\$7,182
<b>Fiscal year project total</b>	<b>\$7,182</b>

*Machinery and Equipment*  
*ADAPCO, LLC – Mosquito Spayer*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the purchase of a GUARDIAN Flow Sprayer from ADAPCO, LLC. This equipment will enhance the town's mosquito control efforts, ensuring more effective and efficient spraying for public health and safety.

Capital funds expended for fiscal year 2023-24	\$12,470
<b>Fiscal year project total</b>	<b>\$12,470</b>

*Machinery and Equipment*  
*Battle Armor Designs, LLC – Culvert Cleaner*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the purchase of a 3ft Culvert Cleaner Package from Battle Armor Designs, LLC. This equipment will improve the town's ability to maintain and clear culverts, ensuring proper water flow and reducing flooding risks.

Capital funds expended for fiscal year 2023-24	\$5,695
<b>Fiscal year project total</b>	<b>\$5,695</b>

**General Culture and Recreation**

*Buildings*  
*FDEM – Hurricane Shelter (CIP)*

The Town of Hilliard received FDEM funding for the Hurricane Shelter project in fiscal year 2024, which included the procurement of architectural and engineering services, as well as administrative services. These services are essential for the planning, design, and management of the hurricane shelter to ensure safety and efficiency in the event of a disaster.

Grant funds expended for fiscal year 2023-24	\$2,607
<b>Fiscal year project total</b>	<b>\$5,890,200</b>

*Infrastructure*  
*NC BOCC – Town Hall Improvements (CIP)*

The Town of Hilliard received NC BOCC funding for the Town Hall Park Improvements project in fiscal year 2024, which included the removal and replacement of sidewalks, installation of surveillance equipment, computer cables, and power for cameras. Additional improvements included fencing around the retention pond, lighting and IT room buildout, as well as concrete for the sidewalk. The project also featured the purchase of a gigabit transceiver and temporary mounting for certain installations, enhancing both security and functionality at the park.

Grant funds expended for fiscal year 2023-24	\$29,573
<b>Fiscal year project total</b>	<b>\$50,000</b>

*Machinery and Equipment*  
*Franklin Equipment Sales – Rebel 72" Kawasaki Mower*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the purchase of a Rebel 72" Kawasaki Mower from Franklin Equipment Sales. This mower will enhance the town's landscaping operations by providing efficient and reliable equipment for large-scale lawn maintenance.

Capital funds expended for fiscal year 2023-24	\$9,463
<b>Fiscal year project total</b>	<b>\$9,463</b>

*Machinery and Equipment*  
*FDEP FRDAP Grant – North Oxford Street Park, Phase II (CIP)*

The Town of Hilliard was awarded FDEP FRDAP Grant Funding in the amount of \$200,000 and the Town of Hilliard approved Capital Funds in the amount of \$22,347 to complete Phase I of the Town Hall Park. Phase I included the following new projects: playground equipment, picnic facility, exercise/bike/nature trails, nature overlook, historical marker, restrooms with water fountain, entrance sign, bike rack, parking lot and security lighting.

Grant funds expended for fiscal year 2023-24	\$4,750
<b>Fiscal year project total</b>	<b>\$200,000</b>

**General Public Safety – Fire**

*Machinery and Equipment*  
*Old Town Hall Generator Replacement Project (CIP)*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the Old Town Hall Generator Replacement Project, which included the procurement of engineering services. These services are crucial for the planning and design of the new generator system, ensuring reliable power backup for the Town Hall during emergencies.

Capital funds expended for fiscal year 2023-24	\$4,810
<b>Fiscal year project total</b>	<b>\$35,000</b>

**General Transportation – Airpark**

*Land*  
*FDOT and FAA Land Acquisition North*

The Town of Hilliard received FDOT & FAA funding for the Land Acquisition North project in fiscal year 2024, which included various appraisals, review appraisals, legal work, and boundary surveys. The project also involved land purchases and deposits, ensuring the successful acquisition of land for future development and infrastructure improvements. These efforts support the town's long-term planning and growth initiatives.

Grant funds expended for fiscal year 2023-24	\$1,085,452
<b>Fiscal year project total</b>	<b>\$1,613,129</b>

*Land*  
*FDOT – Environmental Assessment (CIP)*

The Town of Hilliard received FDOT funding for the Environmental Assessment project in fiscal year 2024, which included the procurement of cultural resources support services. These services are essential for ensuring compliance with environmental regulations and preserving cultural heritage during the planning and development phases of the project.

Grant funds expended for fiscal year 2023-24	\$13,750
<b>Fiscal year project total</b>	<b>\$55,000</b>

*Buildings*

*FDOT – New Hangar Box (CIP)*

The Town of Hilliard received FDOT funding for the New Box Hangar project in fiscal year 2024. This addition will enhance the town's aviation infrastructure, providing additional storage and operational space for aircraft.

Grant funds expended for fiscal year 2023-24	\$44,576
<b>Fiscal year project total</b>	<b>\$391,000</b>

*Infrastructure*

*FDOT – Obstruction Removal*

The Town of Hilliard received FDOT funding for the Obstruction Removal project in fiscal year 2024, which included RPZ clearing. This work is vital for ensuring the safety and compliance of the airport's approach and departure zones by removing obstacles that could interfere with aircraft operations.

Grant funds expended for fiscal year 2023-24	\$9,391
<b>Fiscal year project total</b>	<b>\$300,000</b>

**Proprietary Fund**

**Water and Sewer**

*Infrastructure*

*FDEP – Oxford St FM Reroute*

The Town of Hilliard received FDEP funding for the Oxford Street Force Main Reroute project in fiscal year 2024, which included engineering services and multiple pay requests for the ongoing work. These services are vital for the successful rerouting of the force main, improving the town's wastewater infrastructure and system reliability.

Grant funds expended for fiscal year 2022-23	\$12,000
Grant funds expended for fiscal year 2023-24	\$597,000
Capital funds expended for fiscal year 2023-24	\$38,670
<b>Fiscal year project total</b>	<b>\$647,670</b>

*Infrastructure*

*ER Manhole Sewer Rehabilitation*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for manhole repair work by Site Savvy Inc. and TB Landmark. These repairs are essential for maintaining the integrity and functionality of the town's wastewater system.

Capital funds expended for fiscal year 2023-24	\$264,635
<b>Fiscal year project total</b>	<b>\$264,635</b>

*Infrastructure*  
*CDBG Match (CIP)*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the CDBG Match project, which included the procurement of RFP administrative and engineering services. These services are crucial for the successful management and execution of the project, ensuring compliance and efficient use of funds.

Capital funds expended for fiscal year 2023-24	\$2,796
<b>Fiscal year project total</b>	<b>\$750,000</b>

*Infrastructure*  
*Well 5 ER Repair*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for manhole repair work by Complete Services Well Drilling, INC. These repairs are essential for maintaining the integrity and functionality of the town's wastewater system.

Capital funds expended for fiscal year 2023-24	\$46,540
<b>Fiscal year project total</b>	<b>\$46,540</b>

*Infrastructure*  
*WWTP Permit renewal – Engineering Costs*

The Town of Hilliard approved Capital Funds for the purchase of the WWTP permit renewal.

Capital funds expended for fiscal year 2023-24	\$11,000
<b>Fiscal year project total</b>	<b>\$11,000</b>

*Infrastructure*  
*ER R and M WWTP S/B Generator*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the ER R&M WWTP S/B Generator project, which included the rental of a diesel generator, generator maintenance, and the repair and replacement of light fixtures. These upgrades ensure reliable power for the wastewater treatment plant and maintain safety and efficiency at the facility.

Capital funds expended for fiscal year 2023-24	\$17,033
<b>Fiscal year project total</b>	<b>\$17,033</b>

*Infrastructure*  
*ER R and M WWTP Main LS S/B Generator Repair*

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the ER R&M WWTP Main LS S/B Generator Repair project, which included the replacement of the battery charger and control panel. These repairs ensure the continued operation and reliability of the generator at the wastewater treatment plant.

Capital funds expended for fiscal year 2023-24	\$7,713
<b>Fiscal year project total</b>	<b>\$7,713</b>

**Machinery and Equipment**  
**UEMSI/HTV – Jet Rig Camera**

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the purchase of a Jet Rig Camera from UEMSI/HTV. This equipment will enhance the town's ability to inspect and maintain the sewer system, improving the efficiency and effectiveness of its wastewater management.

Capital funds expended for fiscal year 2023-24	\$9,780
<b>Fiscal year project total</b>	<b>\$9,780</b>

**Machinery and Equipment**  
**Teledyne Instruments, Inc. – GLS Sewer Sampler**

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the purchase of a GLS Sewer Sampler from Teledyne Instruments, Inc. This equipment will assist in monitoring and analyzing the town's wastewater system, ensuring compliance with environmental standards and improving overall water quality management.

Capital funds expended for fiscal year 2023-24	\$7,173
<b>Fiscal year project total</b>	<b>\$7,173</b>

**Machinery and Equipment**  
**WWTP Panel View SCADA**

The Town of Hilliard approved Capital Funds in fiscal year 2024 for the WWTP Panel View SCADA – LS project, which included the purchase and installation of panels. These upgrades improve the monitoring and control capabilities of the wastewater treatment plant's lift station, enhancing operational efficiency and system reliability.

Capital funds expended for fiscal year 2023-24	\$8,305
<b>Fiscal year project total</b>	<b>\$8,305</b>

**Town of Hilliard, Florida**  
**Capital Assets**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,968,902	\$ 883,450	\$ 27,500	\$ 27,500	\$ 1,996,402	\$ 910,950
Construction in progress	338,241	228,784	3,813	13,017	342,054	241,801
Buildings	1,982,878	2,092,938	9,383,954	8,858,908	11,366,832	10,951,846
Infrastructure	2,590,302	2,700,305	-	-	2,590,302	2,700,305
Machinery and equipment	893,342	939,359	299,743	315,117	1,193,085	1,254,476
Other depreciable	66,361	90,743	-	-	66,361	90,743
<b>Capital assets, net</b>	<b>\$ 7,840,026</b>	<b>\$ 6,935,579</b>	<b>\$ 9,715,010</b>	<b>\$ 9,214,542</b>	<b>\$ 17,555,036</b>	<b>\$ 16,150,121</b>

**Long-Term Debt** – At the end of the current fiscal year, the Town had total outstanding bonds and compensated absences in the amount of \$3,992,401. The bond balance is not pledged by any specific tax revenue and is only secured by revenues earned in the proprietary fund.

At present the Town’s debt other than compensated absences is a 1996 Series Water and Sewer Revenue Bond that is financed through USDA Rural Development with a 38-year term at 4.5% interest rate and the 2010 Series Water and Sewer Revenue Bond that is also financed through USDA Rural Development with a 38-year term at 2.75% interest rate.

<b>Town of Hilliard, Florida</b>						
<b>Outstanding Debt</b>						
<b>General Obligation and Revenue Bonds</b>						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds payable	\$ -	\$ -	\$ 3,816,000	\$ 3,916,000	\$ 3,816,000	\$ 3,916,000
Compensated absences	121,676	105,796	54,725	51,543	176,401	157,339
Net pension liability	816,735	1,190,482	370,341	596,964	1,187,076	1,787,446
Other post-employment benefits	135,727	120,299	61,544	60,276	197,271	180,575
<b>Total</b>	<b>\$ 1,074,138</b>	<b>\$ 1,416,577</b>	<b>\$ 4,302,610</b>	<b>\$ 4,624,783</b>	<b>\$ 5,376,748</b>	<b>\$ 6,041,360</b>

The Town’s outstanding debt decreased by \$664,612 during the current fiscal year due to scheduled payments and changes in the net pension liabilities related to post-employment benefits and the Town’s proportionate share of their participation in the Florida Retirement System.

Additional information on the Town’s long-term debt can be found in the notes to the financial statements on pages 55 – 57 of this report.

**Requests for Information**

This financial report is designed to provide a general overview of the Town’s finances and to demonstrate the Town’s accountability. If you have questions concerning any of the information provided in this report or requests for additional financial information, contact the Office of the Town Clerk at 15859 West CR 108, Hilliard, Florida 32046 or (904) 845-3555.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF HILLIARD, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2024

	Governmental Activities	Business - type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,920,688	\$ 1,496,611	\$ 3,417,299
Accounts receivable, net	54,549	145,973	200,522
Due from other governmental units	1,111,289	-	1,111,289
Internal balances	(499,457)	499,457	-
Inventory	-	118,589	118,589
Prepaid items	44,094	10,044	54,138
Total current assets	<u>2,631,163</u>	<u>2,270,674</u>	<u>4,901,837</u>
Restricted cash and cash equivalents:			
Educational impact fees	43,482	-	43,482
Bond interest and sinking	-	18,048	18,048
System development	-	327,325	327,325
Reserve fund	-	254,056	254,056
Customer deposits	-	159,125	159,125
Total restricted assets	<u>43,482</u>	<u>758,554</u>	<u>802,036</u>
Non-current assets:			
Capital assets not being depreciated	2,307,143	31,313	2,338,456
Capital assets, net of accumulated depreciation	5,532,883	9,683,697	15,216,580
Lease receivable	209,294	-	209,294
Total non-current assets	<u>8,049,320</u>	<u>9,715,010</u>	<u>17,764,330</u>
Total assets	<u>10,723,965</u>	<u>12,744,238</u>	<u>23,468,203</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions and OPEB	384,797	174,482	559,279
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accounts payable	73,890	293,244	367,134
Accrued liabilities	53,559	12,968	66,527
Unearned revenue	32,660	-	32,660
Compensated absences, current	30,419	13,681	44,100
Total current liabilities (payable from current assets)	<u>190,528</u>	<u>319,893</u>	<u>510,421</u>
Current liabilities (payable from restricted assets):			
Accrued interest payable	-	9,885	9,885
Customer deposits	-	159,125	159,125
Revenue bonds payable, current	-	103,000	103,000
Due to other governmental units	42,165	-	42,165
Total current liabilities (payable from restricted assets)	<u>42,165</u>	<u>272,010</u>	<u>314,175</u>
Total current liabilities	<u>232,693</u>	<u>591,903</u>	<u>824,596</u>

(continued)

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2024 (concluded)

	Governmental Activities	Business - type Activities	Total
<b>Long-term liabilities</b>			
Revenue bond payable, net of current	\$ -	\$ 3,713,000	\$ 3,713,000
Accrued compensated absences, net of current	91,257	41,044	132,301
Other post-employment benefits	135,727	61,544	197,271
Net pension liability	816,735	370,341	1,187,076
<b>Total long-term liabilities</b>	<b>1,043,719</b>	<b>4,185,929</b>	<b>5,229,648</b>
<b>Total liabilities</b>	<b>1,276,412</b>	<b>4,777,832</b>	<b>6,054,244</b>
<b>DEFERRED INFLOWS</b>			
Related to pensions and OPEB	389,432	178,566	567,998
Related to leases	92,546	-	92,546
	<b>481,978</b>	<b>178,566</b>	<b>660,544</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	7,840,026	5,899,010	13,739,036
Restricted for:			
Debt service	-	272,104	272,104
System development	-	327,325	327,325
Transportation	1,215,708	-	1,215,708
Infrastructure and capital outlay	790,844	-	-
Educational impact fee	1,317	-	1,317
Voluntary fire department	9,576	-	9,576
Unrestricted	(507,099)	1,463,883	956,784
<b>Total net position</b>	<b>\$ 9,350,372</b>	<b>\$ 7,962,322</b>	<b>\$ 17,312,694</b>

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Governmental activities</b>							
General government	\$ 886,801	\$ 4,620	\$ -	\$ -	\$ (882,181)	\$ -	\$ (882,181)
Public safety	148,299	-	-	-	(148,299)	-	(148,299)
Transportation	673,990	-	-	1,068,169	394,179	-	394,179
Health services	42,282	-	-	-	(42,282)	-	(42,282)
Culture and recreation	775,204	369,593	28,340	36,930	(340,341)	-	(340,341)
<b>Total governmental activities</b>	<b>2,526,576</b>	<b>374,213</b>	<b>28,340</b>	<b>1,105,099</b>	<b>(1,018,924)</b>	<b>-</b>	<b>(1,018,924)</b>
<b>Business-type activities</b>							
Water and sewer services	1,833,491	1,380,566	-	597,000	-	144,075	144,075
Interest on long-term debt	118,540	-	-	-	-	(118,540)	(118,540)
<b>Total business-type activities</b>	<b>1,952,031</b>	<b>1,380,566</b>	<b>-</b>	<b>597,000</b>	<b>-</b>	<b>25,535</b>	<b>25,535</b>
<b>Total government</b>	<b>\$ 4,478,607</b>	<b>\$ 1,754,779</b>	<b>\$ 28,340</b>	<b>\$ 1,702,099</b>	<b>(1,018,924)</b>	<b>25,535</b>	<b>(993,389)</b>
<b>General revenues</b>							
Taxes					592,906	-	592,906
Intergovernmental					1,391,880	-	1,391,880
Licenses and permits					126,213	-	126,213
Franchise fees					223,134	-	223,134
Fines and forfeitures					1,212	-	1,212
Rents and leases					4,408	3,148	7,556
Interest					138,760	90,584	229,344
Other fees and miscellaneous					67,917	16,352	84,269
Loss on lease termination					-	(31,863)	(31,863)
Interfund transfers					(523,199)	523,199	-
<b>Total general revenues</b>					<b>2,023,231</b>	<b>601,420</b>	<b>2,624,651</b>
Change in net position					1,004,307	626,955	1,631,262
Net position - beginning (restated)					8,346,065	7,335,367	15,681,432
Net position - ending					<b>\$ 9,350,372</b>	<b>\$ 7,962,322</b>	<b>\$ 17,312,694</b>

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**September 30, 2024**

	General Fund	Local Option Gas Tax Fund	Discretionary Sales Tax Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,195,880	\$ 724,808	\$ 1,920,688
Accounts receivable	54,549	-	-	54,549
Due from other governmental units	1,025,425	19,828	66,036	1,111,289
Lease receivable	209,294	-	-	209,294
Prepaid items	44,094	-	-	44,094
<b>Total assets</b>	<b>1,333,362</b>	<b>1,215,708</b>	<b>790,844</b>	<b>3,339,914</b>
Restricted assets				
Restricted cash and cash equivalents	43,482	-	-	43,482
	<b>1,376,844</b>	<b>1,215,708</b>	<b>790,844</b>	<b>3,383,396</b>
<b>LIABILITIES</b>				
Accounts payable	73,890	-	-	73,890
Accrued liabilities	53,559	-	-	53,559
Unearned revenue	32,660	-	-	32,660
Due to other governmental units	42,165	-	-	42,165
Due to other funds	499,457	-	-	499,457
<b>Total liabilities</b>	<b>701,731</b>	<b>-</b>	<b>-</b>	<b>701,731</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	92,546	-	-	92,546
<b>FUND BALANCES</b>				
Nonspendable - prepaid items	44,094	-	-	44,094
Restricted	10,893	1,215,708	790,844	2,017,445
Unassigned	527,580	-	-	527,580
<b>Total fund balances</b>	<b>\$ 582,567</b>	<b>\$ 1,215,708</b>	<b>\$ 790,844</b>	<b>2,589,119</b>
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.				7,840,026
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds.				384,797
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds.				(389,432)
Long-term liabilities are not due in the current period and, therefore, are not reported in governmental funds				(1,074,138)
<b>Net assets of governmental activities</b>				<b><u>\$ 9,350,372</u></b>

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended September 30, 2024

	General Fund	Local Option Gas Tax Fund	Discretionary Sales Tax Fund	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 457,925	\$ -	\$ -	\$ 457,925
Other taxes	134,981	-	-	134,981
Intergovernmental	585,932	209,283	596,665	1,391,880
Licenses and permits	126,213	-	-	126,213
Franchise fees	223,134	-	-	223,134
Fines and forfeitures	1,212	-	-	1,212
Charges for service	374,213	-	-	374,213
Rents and leases	4,408	-	-	4,408
Other fees and miscellaneous	96,257	-	-	96,257
<b>Total revenues</b>	<b>2,004,275</b>	<b>209,283</b>	<b>596,665</b>	<b>2,810,223</b>
<b>EXPENDITURES</b>				
General government	793,947	-	-	793,947
Public safety	130,007	-	-	130,007
Transportation	484,690	-	-	484,690
Health services	19,071	-	-	19,071
Culture and recreation	611,197	-	-	611,197
Capital outlay	1,347,218	-	-	1,347,218
<b>Total expenditures</b>	<b>3,386,130</b>	<b>-</b>	<b>-</b>	<b>3,386,130</b>
Excess (deficit) of revenues over expenditures	(1,381,855)	209,283	596,665	(575,907)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest income	106,778	-	31,982	138,760
Capital grants	1,105,099	-	-	1,105,099
Interfund transfers in	184,119	-	-	184,119
Interfund transfers out	-	-	(707,318)	(707,318)
<b>Total other financing sources (uses)</b>	<b>1,395,996</b>	<b>-</b>	<b>(675,336)</b>	<b>720,660</b>
Net change in fund balance	14,141	209,283	(78,671)	144,753
Fund balance at beginning of year (restated)	568,426	1,006,425	869,515	2,444,366
<b>Fund balance at end of year</b>	<b>\$ 582,567</b>	<b>\$ 1,215,708</b>	<b>\$ 790,844</b>	<b>\$ 2,589,119</b>

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2024**

Net change in fund balance - total governmental funds \$ 144,753

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures  
 However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	1,347,218	
Less current year depreciation	<u>(442,771)</u>	904,447

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Also recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds but are recognized in the statement of activities.

Increase in compensated absences	(15,880)	
Increase in other post-employment benefits	(15,428)	
Decrease in net pension liability	373,747	
Net of changes in pension/OPEB deferred inflows and outflows	<u>(387,332)</u>	(44,893)

Change in net position of governmental activities \$ 1,004,307

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 September 30, 2024**

	Water and Sewer Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,496,611
Accounts receivable, net	145,973
Due from other funds	499,457
Inventory	118,589
Prepaid expenses	10,044
Total current assets	2,270,674
Restricted cash and cash equivalents	
Bond interest and sinking	18,048
System development	327,325
Reserve fund	254,056
Customer deposits	159,125
Total restricted cash and cash equivalents	758,554
Noncurrent assets	
Fixed assets	
Land	27,500
Construction in progress	3,813
Property, plant and equipment	18,994,582
Allowance for depreciation	(9,310,885)
Total noncurrent assets	9,715,010
Total assets	12,744,238
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions and OPEB	174,482
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	293,244
Accrued liabilities	12,968
Accrued interest	9,885
Compensated absences	13,681
Customer deposits	159,125
Revenue bonds payable, current	103,000
Total current liabilities	591,903
(continued)	

**TOWN OF HILLIARD, FLORIDA**  
**PROPRIETARY FUND**  
**STATEMENT OF NET POSITION**  
September 30, 2024 (concluded)

		<u>Water and Sewer Fund</u>
Long-term liabilities		
Revenue bonds payable, net of current	\$	3,713,000
Accrued compensated absences, net of current		41,044
Other post-employment benefits		61,544
Net pension liability		370,341
Total long-term liabilities		<u>4,185,929</u>
Total liabilities		<u>4,777,832</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to pensions and OPEB		<u>178,566</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt		5,899,010
Restricted for:		
Debt service		272,104
System development		327,325
Unrestricted		1,463,883
Total net position	\$	<u>7,962,322</u>

**TOWN OF HILLIARD, FLORIDA**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Fiscal Year Ended September 30, 2024

	Water and Sewer Fund
<b>OPERATING REVENUES</b>	
Water sales	\$ 591,589
Sewer sales	603,456
Fees and penalties	185,521
Total operating revenues	1,380,566
<b>OPERATING EXPENSES</b>	
Water utility	
Personnel services	386,192
General expenses	407,796
Sewer utility	
Personnel services	257,462
General expenses	271,864
Depreciation expense	510,177
Total operating expenses	1,833,491
Total operating (loss)	(452,925)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Grant revenue	597,000
Rentals and leases	3,148
Interest earnings	90,584
Miscellaneous income	16,352
Interest expense	(118,540)
Interfund transfers in	523,199
Loss on cancellation of lease agreement	(31,863)
Total nonoperating revenues	1,079,880
Change in net position	626,955
Net position at beginning of year	7,335,367
Net position at end of year	\$ 7,962,322

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended September 30, 2024

	<b>Water and Sewer Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,372,356
Cash paid to suppliers	(618,433)
Cash paid to employees	(820,266)
<b>Net cash used by operating activities</b>	<b>(66,343)</b>
<b>Cash flows from non-capital related financing activities:</b>	
Miscellaneous revenues	16,352
Transfers from other funds	23,742
<b>Net cash provided by non-capital related financing activities</b>	<b>40,094</b>
<b>Cash flows from capital and related financing activities:</b>	
Grant receipts	597,000
Principal payments	(100,000)
Interest payments	(118,540)
Acquisition and construction of capital assets	(1,010,643)
<b>Net cash used for capital and related financing activities</b>	<b>(632,183)</b>
<b>Cash flows from investing activities:</b>	
Investment income	90,584
<b>Net cash provided by investing activities</b>	<b>90,584</b>
<b>Net change in cash</b>	<b>(567,848)</b>
<b>Cash at beginning of year</b>	<b>2,823,013</b>
<b>Cash at end of year</b>	<b>\$ 2,255,165</b>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
<b>Operating loss</b>	<b>\$ (452,925)</b>
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>	
<b>Depreciation</b>	<b>510,177</b>
<b>Changes in assets decrease (increase) and liabilities (decrease) increase:</b>	
Accounts receivable, net	(16,785)
Inventory	(41,793)
Prepaid items	24,664
Deferred outflows	54,910
Accounts payable	(71,978)
Accrued liabilities	(464)
Compensated absences	3,182
Customer deposits	8,575
Other post-employment benefits	1,268
Deferred inflows	141,449
Net pension liability	(226,623)
<b>Total adjustments</b>	<b>386,582</b>
<b>Net cash provided by operating activities</b>	<b>\$ (66,343)</b>

**TOWN OF HILLIARD, FLORIDA**  
**FUDICIARY FUND**  
**STATEMENT OF NET POSITION**  
September 30, 2024

	Custodial Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,317
Due from other governments	42,165
Total assets	\$ 43,482
<b>LIABILITIES</b>	
Due to other governments	\$ 43,482
Total liabilities	43,482
<b>NET POSITION</b>	
Total net position	\$ -

See notes to the financial statements

**TOWN OF HILLIARD, FLORIDA**  
**FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN NET POSITION**  
For the Fiscal Year Ended September 30, 2024

	Custodial Fund
<b>ADDITIONS:</b>	
Fees collected on behalf of other governments	\$ 148,027
Total additions	148,027
 <b>DEDUCTIONS:</b>	
Remittances of fees to other governments	148,027
Total deductions	148,027
Change in net position	-
Net position at beginning of year	-
Net position at end of year	\$ -

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Hilliard, Florida (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the GASB unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis - for State and Local Governments. As provided by GASB 34, the Town did not elect to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than \$10 million. The Town has implemented all other applicable provisions of this Statement.

**A. Reporting Entity** – The Town is a political subdivision of the State of Florida. The Town was established in Nassau County pursuant to Chapter 24561, Laws of Florida, Special Acts of 1947, as amended. It is governed by elected Town Council Members (the Council) and an elected Mayor, who are governed by federal and state statutes, regulations, and Town ordinances. The Town Clerk, who is an appointed official, is the Clerk and Chief Accountant of the Town.

The Town maintains its accounts in accordance with the uniform classification of accounts as prescribed by the Florida Department of Financial Services, pursuant to Section 218.33, *Florida Statutes*.

The basic financial statements of the Town for the year ended September 30, 2024, were prepared in accordance with accounting principles generally accepted in the United States of America.

There are no entities that are classified as component units who are financially accountable to the Town.

**B. Adoption of New Accounting Pronouncements** – In June 2022, the Governmental Accounting Standards Board issued Statement of Governmental Accounting Standards (SGAS) No. 101, *Compensated Absences*. Under SGAS No. 101, compensated absences must be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through non-cash means. Unused leave includes leave for services already rendered, leave that accumulates, and leave that more likely than not will be used for time off or paid to the employee at some point in the future. Additionally, governments are now able to report year-over-year increases and decreases in compensated absences net of each other and disclose them in one lump sum in the notes to the financial statements. The Town adopted the provisions of SGAS No. 101 as of October 1, 2023. Due to the immaterial impact on net positions from prior periods, the Town has decided to implement this standard prospectively.

**C. Measurement Focus and Basis of Accounting** - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

### **1. Government-wide Financial Statements**

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

### **2. Fund Financial Statements**

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Governmental Funds** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be the measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Proprietary Funds** - The Town's Water and Sewer Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operation revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

**Fiduciary Funds** – The Town also reports one fiduciary fund; a custodial fund, which is used to account for impact fees collected on behalf of Nassau County School Board. These funds are collected on behalf of the School Board and remitted soon after being collected.

**D. Basis of Accounting** - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town has four major funds and no nonmajor funds.

**1. Governmental Major Funds:**

The **General Fund** is the principal operating fund used to account for most of the Town's general activities (Fire, Transportation, Health Services, Culture and Recreation, etc.)

The **Discretionary Sales Tax Fund** is used for recording the discretionary sales taxes received from the State of Florida. In accordance with Nassau County ordinances, these funds are restricted for operational expenses of infrastructure projects or other purposes, excluding debt, as determined by the Town Council.

The **Local Option Gas Tax Fund** is used to record local option fuel tax revenues distributed by the State of Florida. In accordance with Chapter 336, *Florida Statutes*, these funds are restricted for transportation expenditures, including debt service and current expenditures for transportation capital projects, as determined by the Town Council.

**2. Proprietary Major Fund:**

The **Water and Sewer Fund** is used to account for operations either (1) that are financed, and operated in a manner similar to business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management, control, accountability, or other purposes.

**E. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity**

**1. Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, when utilized, consist of certificates of deposit, and are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.

**2. Cash Equivalents** - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2024, the Town's cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.

3. **Allowance for Doubtful Accounts** - The Town provides an allowance for Water and Sewer Fund accounts receivable that may become uncollectible. At September 30, 2024, this allowance account totaled \$30,923 based upon prior collection history. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered to be fully collectible as reported at September 30, 2024.
4. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
5. **Inventories** - The costs of governmental inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any such inventory type goods on hand at year end would not be material.
6. **Restricted Assets** - As applicable, year to year, certain proceeds of enterprise fund debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The customer deposits account is used to accept and refund deposits paid by customers for utility services.

The system development account retains impact fees and is restricted for expansion of the town's water and sewer plant.

The education impact fee account is used to accept money and is collected for the Nassau County School Board (the "Board"). These funds are remitted quarterly to the Board and the Town retains a three percent administration fee. The funds retained by the Town through the administration fee are not subject to any use restrictions.

The voluntary fire department account is used to accept donations on behalf of the Town's voluntary fire department. These funds are used in accordance with the department's direction based upon their operational needs.

7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.
8. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, rights-of-way, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town, as well as of component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39 - 40
Infrastructure	10 - 30
Machinery and equipment	5 - 20
Plant	45
Improvements	15 - 25
Computer equipment	5

9. **Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
  
10. **Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent revenues received that have not been earned. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. At September 30, 2024, the Town reported \$32,660 in unearned revenues.
  
11. **Accrued Compensated Absences** - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absence amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
  
12. **Capital Contributions** - Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

- 13. Deferred Outflows/Inflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. They are deferred charges on pensions and other post-employment benefits (OPEB) in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability and are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year. Deferred outflows related to OPEB are recorded when changes of assumptions are made about future economic, demographic, or other input factors. These are amortized over the average expected life of OPEB plan participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three items which qualify for reporting in this category. These are deferred charges on pensions, OPEB, and leases receivable under the SGAS 87, *Leases*, accounting standard. Deferred inflows on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Deferred inflows on OPEB are recorded when changes of assumptions about future economic, demographic, or other factors are made. These outflows are amortized over the average expected life of the OPEB participants. Deferred inflows on the lease receivable are recorded at the net present value of the future lease receipts for leases on which the Town is the lessor. The deferred amount is amortized to lease income on a straight-line basis over the life of the lease.

**14. Fund Balances -**

**A. Governmental Funds**

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s adopted policy, only the Town Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2024, fund balances are composed of the following:

	General Fund	Local Option Gas Tax Fund	Sales Tax Fund	Total
Nonspendable	\$ 44,094	\$ -	\$ -	\$ 44,094
Restricted	10,893	1,215,708	790,844	2,017,445
Unassigned	527,580	-	-	527,580
	<u>\$ 582,567</u>	<u>\$ 1,215,708</u>	<u>\$ 790,844</u>	<u>\$ 2,589,119</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

**B. Proprietary Funds**

Restrictions of net position are amounts that are not appropriated for expenditure or are legally restricted for specific uses.

As of September 30, 2024, net position balances are composed of the following:

	Water and Sewer Fund
Invested in capital assets	\$ 5,899,010
Restricted	599,429
Unrestricted	1,463,883
	<u>\$ 7,962,322</u>

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position.**

“Total fund balances” of the Town’s governmental funds \$2,589,119 differs from “net position” of governmental activities \$9,350,372 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 13,993,373
Accumulated depreciation	(6,153,347)
Total	<u>\$ 7,840,026</u>

Long-term debt transactions

Long-term liabilities applicable to the Town’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2024, were:

Compensated absences	\$ (121,676)
Other post-employment benefits	(135,727)
Net pension liability	(816,735)
	<u>\$ (1,074,138)</u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

Deferred outflows	\$ 384,797
Deferred inflows	(389,432)
	<u>\$ (4,635)</u>

**TOWN OF HILLIARD, FLORIDA**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Differences Between the Governmental Fund Balance and the Government-wide Statement of Net Position**

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long - Term Debt Transactions	Eliminations	Statement of Net Position
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 1,920,688	\$ -	\$ -	\$ -	\$ -	\$ 1,920,688
Accounts receivable	54,549	-	-	-	-	54,549
Due from other governmental units	1,111,289	-	-	-	-	1,111,289
Prepaid items	44,094	-	-	-	-	44,094
Lease receivable	209,294	-	-	-	-	209,294
	<u>3,339,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,339,914</u>
Restricted assets						
Restricted cash and cash equivalents	43,482	-	-	-	-	43,482
Capital assets, net	-	7,840,026	-	-	-	7,840,026
Total assets	<u>3,383,396</u>	<u>7,840,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,223,422</u>
<b>DEFERRED OUTFLOWS</b>						
	<u>-</u>	<u>-</u>	<u>384,797</u>	<u>-</u>	<u>-</u>	<u>384,797</u>
<b>LIABILITIES</b>						
Accounts payable	73,890	-	-	-	-	73,890
Accrued liabilities	53,559	-	-	-	-	53,559
Unearned revenue	32,660	-	-	-	-	32,660
Due to other governmental units	42,165	-	-	-	-	42,165
Due to other funds	499,457	-	-	-	-	499,457
Compensated absences	-	-	-	121,676	-	121,676
Other post-employment benefits	-	-	-	135,727	-	135,727
Net pension liability	-	-	-	816,735	-	816,735
Total liabilities	<u>701,731</u>	<u>-</u>	<u>-</u>	<u>1,074,138</u>	<u>-</u>	<u>1,775,869</u>
<b>DEFERRED INFLOWS</b>						
	<u>92,546</u>	<u>-</u>	<u>389,432</u>	<u>-</u>	<u>-</u>	<u>481,978</u>
<b>FUND BALANCES/NET POSITION</b>						
Invested in capital assets	-	7,840,026	-	-	-	7,840,026
Nonspendable - prepaid items	44,094	-	-	-	(44,094)	-
Restricted	2,017,445	-	-	-	-	2,017,445
Unassigned	527,580	-	(4,635)	(1,074,138)	44,094	(507,099)
Total fund balances/net position	<u>\$ 2,589,119</u>	<u>\$ 7,840,026</u>	<u>\$ (4,635)</u>	<u>\$ (1,074,138)</u>	<u>\$ -</u>	<u>\$ 9,350,372</u>

**B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for governmental funds was a reduction of \$144,753 and differs from the “change in net position” for governmental activities of \$1,004,307 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year. In addition, any gains or losses from the disposal of capital assets are reported on the government-wide statement of net position as increases or decreases in net position, respectively.

Capital outlay	\$ 1,347,218
Depreciation expense	(442,771)
Difference	<u>\$ 904,447</u>

Long-term debt related items

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Net increase in compensated absences	\$ (15,880)
Net decrease in other post-employment benefits	(15,428)
Net increase in net pension liability	373,747
	<u>\$ 342,439</u>

Deferred outflows/inflows of resources

Certain obligations related to prior and subsequent periods are not recognized in governmental funds.

Net increase in Pension/OPEB deferred outflows	\$ (72,974)
Net increase in Pension/OPEB deferred inflows	(314,358)
	<u>\$ (387,332)</u>

**TOWN OF HILLIARD, FLORIDA**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**B. Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities**

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long - Term Debt Transactions	Eliminations	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 457,925	\$ -	\$ -	\$ -	\$ -	\$ 457,925
Other taxes	134,981	-	-	-	-	134,981
Intergovernmental	1,391,880	-	-	-	-	1,391,880
Licenses and permits	126,213	-	-	-	-	126,213
Franchise fees	223,134	-	-	-	-	223,134
Fines and forfeitures	1,212	-	-	-	-	1,212
Charges for service	374,213	-	-	-	-	374,213
Rents and leases	4,408	-	-	-	-	4,408
Other fees and miscellaneous	96,257	-	-	-	-	96,257
<b>Total revenues</b>	<b>2,810,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,810,223</b>
<b>EXPENDITURES</b>						
<b>Current expenditures</b>						
General government	793,947	64,913	241,075	(213,134)	-	886,801
Public safety	130,007	18,292	-	-	-	148,299
Transportation	484,690	181,910	63,755	(56,365)	-	673,990
Health services	19,071	23,211	-	-	-	42,282
Culture and recreation	611,197	154,445	82,502	(72,940)	-	775,204
Capital outlay	1,347,218	(1,347,218)	-	-	-	-
<b>Total expenditures</b>	<b>3,386,130</b>	<b>(904,447)</b>	<b>387,332</b>	<b>(342,439)</b>	<b>-</b>	<b>2,526,576</b>
Excess (deficit) of revenues over expenditures	(575,907)	904,447	(387,332)	342,439	-	283,647
<b>OTHER FINANCING SOURCES (USES)</b>						
Interest income	138,760	-	-	-	-	138,760
Capital grants	1,105,099	-	-	-	-	1,105,099
Interfund transfers in	184,119	-	-	-	(184,119)	-
Interfund transfers out	(707,318)	-	-	-	184,119	(523,199)
<b>Total other financing sources (uses)</b>	<b>720,660</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>720,660</b>
Net change in fund balance	144,753	904,447	(387,332)	342,439	-	1,004,307
Fund balance at beginning of year (restated)	2,444,366	6,935,579	382,697	(1,416,577)	-	8,346,065
<b>Fund balance at end of year</b>	<b>\$ 2,589,119</b>	<b>\$ 7,840,026</b>	<b>\$ (4,635)</b>	<b>\$ (1,074,138)</b>	<b>\$ -</b>	<b>\$ 9,350,372</b>

### **NOTE 3. LEGAL COMPLIANCE–BUDGETS**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Clerk develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the Town Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the Town Council.
5. Budgets for all Town funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council.

### **NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits. The bank balances of the Town deposits totaling \$773,535 were insured by federal depository insurance or pledged collateral under state law. Other Town funds totaling \$3,452,090 were invested in Local Government Surplus Funds Trust (Florida PRIME) and are included as cash equivalents in the Statement of Net Position due to their short maturities. Funds in the amount of \$700 remained uninvested for use as petty cash in the Town's daily operations.

Investments. The Town's investment in Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2024, Florida PRIME contained certain floating rate and adjustable-rate securities that were indexed based on the prime rate and/or one- and three-month LIBOR. These floating rate and adjustable-rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average of days to maturity of the Florida PRIME at September 30, 2024 is 39 days. The fair value of the Town's position in the pool approximates the value of the pool shares. At September 30, 2024, the Town had \$3,452,090 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://prime.sbafla.com/monthly-summary-reports>.

**Credit Risk.** Investments in the Florida State Board of Administration Pools (SBA) consist of the Local Government Surplus Funds Trust (Florida PRIME). The Florida PRIME is rated by Standard and Poors. The current rating is AAAM. The Investment Manager of the Florida PRIME manages credit risk by purchasing only high quality securities, performing a credit analysis to develop a database of issuers and securities that meet the Investment Manager's minimum standard and by regularly reviewing the portfolio's securities financial data, issuer news and developments, and ratings of the nationally recognized statistical rating organizations.

**Interest Rate Risk.** The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2024 was 39 days. The next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

### **Fair Value Measurements**

In February 2015, GASB issued GASB Statement No. 72. GASB 72 applicability related to the application of fair value is limited to assets and liabilities that are currently measured at fair value and certain investments that are not currently measured at fair value.

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the participant account balance is considered the fair value of the investment. Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

As of September 30, 2024, the Town's investment in the Florida PRIME investment pool is rated AAAM by Standard & Poors.

### **Investment Objectives**

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poors U.S. AAA & AA Rated GIP All 30-Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in its policies.

### **Interest Rate Risk**

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2024, is 39 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2024, is 74 days.

### **Foreign Currency Risk**

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2023 through September 30, 2024.

### **Securities Lending**

Florida PRIME did not participate in a securities lending program in the period October 1, 2023 through September 30, 2024.

## **Fair Value Hierarchy**

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore, participant account balances should be also reported at amortized cost.

## **NOTE 5. PROPERTY TAX REVENUES**

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified by the County Property Appraiser. The County Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by the Town and other governmental entities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent taxes, and are collected through applicable tax certificate sales, tax deed sales, and tangible personal property seizure and sales as provided for by the laws of Florida. Due to those collection procedures, no material amounts of delinquent taxes were due the Town at year end. Collections of Town taxes and remittances are accounted for in the County Tax Collector's office.

## NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning				Ending
	Balance	Reclasses	Additions	Deletions	Balance
<b>Governmental activities:</b>					
Non-depreciable capital assets					
Land	\$ 883,450	\$ -	\$ 1,085,452	\$ -	\$ 1,968,902
Construction in progress	228,784	-	109,457	-	338,241
Total non-depreciable capital assets	1,112,234	-	1,194,909	-	2,307,143
Depreciable capital assets:					
Buildings	4,745,987	-	-	-	4,745,987
Infrastructure	4,212,103	-	73,825	-	4,285,928
Machinery and equipment	2,307,872	-	78,484	-	2,386,356
Other depreciable assets	267,959	-	-	-	267,959
Total depreciable capital assets	11,533,921	-	152,309	-	11,686,230
Less accumulated depreciation					
Buildings	(2,653,049)	-	(110,060)	-	(2,763,109)
Infrastructure	(1,511,798)	-	(183,828)	-	(1,695,626)
Machinery and equipment	(1,368,513)	-	(124,501)	-	(1,493,014)
Other depreciable assets	(177,216)	-	(24,382)	-	(201,598)
Total accumulated depreciation	(5,710,576)	-	(442,771)	-	(6,153,347)
Total depreciable capital assets, net	5,823,345	-	(290,462)	-	5,532,883
Governmental activities capital assets, net	\$ 6,935,579	\$ -	\$ 904,447	\$ -	\$ 7,840,026
<b>Business-type activities:</b>					
Non-depreciable capital assets					
Land	\$ 27,500	\$ -	\$ -	\$ -	\$ 27,500
Construction in progress	13,017	-	638,466	(647,670)	3,813
Total Non-depreciable capital assets	40,517	-	638,466	(647,670)	31,313
Depreciable capital assets:					
Buildings and improvements	17,200,465	-	346,921	647,670	18,195,056
Machinery and equipment	774,268	-	25,258	-	799,526
Total depreciable capital assets	17,974,733	-	372,179	647,670	18,994,582
Less accumulated depreciation					
Buildings and improvements	(8,341,557)	-	(469,545)	-	(8,811,102)
Machinery and equipment	(459,151)	-	(40,632)	-	(499,783)
Total accumulated depreciation	(8,800,708)	-	(510,177)	-	(9,310,885)
Business-type activities capital assets, net	\$ 9,214,542	\$ -	\$ 500,468	\$ -	\$ 9,715,010

Depreciation expense was charged to functions/programs of the Town as follows:

<b>Governmental activities:</b>	
General Government	\$ 64,913
Public Safety	18,292
Transportation	181,910
Health services	23,211
Parks and recreation	154,445
Total depreciation expense - governmental entities	\$ 442,771
<b>Business-type activities:</b>	
Water and sewer utility	\$ 510,177

**NOTE 7. INTERFUND ACITIVITY**

Interfund transfers for the year ended September 30, 2024, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 184,119	\$ -
Discretionary Sales Tax	-	707,318
Water and Sewer	523,199	-
	<u>\$ 707,318</u>	<u>\$ 707,318</u>

Transfers were used for grant matching fund reimbursements, payment of long-term debt, and capital projects.

Interfund receivables/payables represent loans to fund expenditures of other funds, as of September 30, 2024, interfund loan balances consisted of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 499,457	\$ -
Water and Sewer Fund		499,457
	<u>\$ 499,457</u>	<u>\$ 499,457</u>

**NOTE 8. RECEIVABLE AND PAYABLE BALANCES**

**Accounts Receivable and Amounts Due From Other Governmental Units**

Accounts receivable and amounts due from other governmental units, net of any allowances, at September 30, 2024, were as follows:

	<u>Accounts</u>	<u>Due from Others/ Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:	\$ 54,549	\$ 1,111,289	\$ 1,165,838
Business-type activities:	145,973	-	145,973
	<u>\$ 200,522</u>	<u>\$ 1,111,289</u>	<u>\$ 1,311,811</u>

Based upon collection history, the Town has included a reserve for doubtful accounts for its Enterprise Fund accounts receivable of \$30,923 .

**Payables**

Payables at September 30, 2024, were as follows:

	<u>Vendors</u>
Governmental activities:	73,890
Business-type activities:	293,244
	<u>\$ 367,134</u>

**NOTE 9. LEASES**

**Governmental Funds** – The Town is the lessor on a long-term agreement whereby it leases a piece of land to a mobile network provider for a cellular tower. The original agreement was entered into in 2007 and is set to expire in 2045, with the potential for future 5-year extensions. Rent, which increases by 3% each year, is paid on a monthly basis and recorded in the governmental fund financial statements. As a result of the implementation of SGAS No. 87, *Leases*, the Town records on its governmental fund financial statements a lease receivable and an offsetting deferred inflow of resources. A portion of the Lease receipts are recognized as interest revenue with the remaining balance reducing the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the projected life of the lease, and lease revenue is recognized as the deferred inflow of resources is amortized. For the year ending September 30, 2024, the Town has reported a lease receivable and deferred inflow of resources related to leases of \$209,294 and \$92,545 respectively, on its governmental funds’ balance sheet.

In October 2023, the Town terminated the lease agreement. As a result of the reduced term remaining on the lease, no receivable or deferred inflow of resources has been recognized on the government-wide financial statements, and a loss in the amount of \$103,212 was shown in accordance with the termination of the agreement. As shown below, lease income and interest revenue were still applicable for payments received in year ending September 30, 2023.

**Proprietary Fund** – In 2001, the Town entered into an agreement to lease a portion of its water tower to a mobile network provider for use as a cellular antenna. This lease had an initial term of five years with the option to renew for five additional five-year periods, all of which have been exercised. Annual rent was increased by 15% upon each renewal. As a result of the implementation of SGAS No. 87, *Leases*, the Town has reported a lease receivable and an offsetting deferred inflow of resources on its proprietary fund balance sheet. In October 2023, the Town terminated the lease agreement. As a result of the reduced term remaining on the lease, no receivable or deferred inflow of resources has been recognized on the business activities financial statements, and a loss in the amount of \$31,863 was shown in accordance with the termination of the agreement.

Interest revenue and lease revenue for the year ending September 30, 2024 is as follows:

	Governmental Funds
	<hr/>
Interest Revenue	16,195
Lease Revenue	4,407

**NOTE 10. LONG-TERM LIABILITIES**

**Governmental Activities**

**Summary of changes in governmental activities long-term liabilities**

The following summarizes the changes in the Town’s governmental long-term liabilities during the year ended September 30, 2024:

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Due Within One Year
Compensated absences	\$ 105,796	\$ 15,880	\$ -	\$ 121,676	\$ 30,419
Other post-employment benefits	120,299	15,428	-	135,727	-
Net pension liability	1,190,482	-	(373,747)	816,735	-
<b>Total</b>	<b>\$ 1,416,577</b>	<b>\$ 31,308</b>	<b>\$ (373,747)</b>	<b>\$ 1,074,138</b>	<b>\$ 30,419</b>

**Business-type Activities**

A summary of proprietary fund debt as of September 30, 2024, follows:

**Water and Sewer Revenue Bonds 1996** – The Town issued Water and Sewer Revenue Bonds, Series 1996 to finance the costs of acquisition, construction of additions, extensions and improvements to the Town’s water and sewer system. The bonds are secured by and paid from gross revenues of the Town’s water and sewer system. The bonds covenants specify that the Town must fund and maintain a sinking fund by depositing one-twelfth of the yearly principal and interest payments in a sinking fund. The bonds covenants also require that a reserve fund be established by depositing a monthly amount of \$481 in a reserve fund until a balance of \$57,671 is achieved. Funds in the Reserve Account may be used to (1) pay the cost of repairing or replacing any damage to the system which shall be caused by an unforeseen catastrophe, (2) constructing improvements or extensions to the system which shall increase its net revenues and which shall be approved by the consulting engineers, and (3) paying the principal of and interest on the bonds in the event that the moneys in the sinking fund shall ever be insufficient to meet such payments. The bonds bear interest at a rate of 4.5% per annum. Such bonds are payable annually on September 1<sup>st</sup> of each year through 2038.

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due and may, at their option, declare the outstanding principal and accrued interest to be due and payable immediately and may take possession of the water and wastewater system to repair, maintain, operate or rent the facilities as may be necessary to cure the default.

**Water and Sewer Revenue Bonds 2010** – The Town issued Water and Sewer Revenue Bonds, Series 2010 to refund the Tax Anticipation Notes, Series 2011, in the amount of \$3,873,000. The Tax Anticipation Notes, Series 2011 were issued for interim financing to acquire and construct additions, extensions and improvements to the Town’s water and sewer system. The bonds are secured by and paid from gross revenues of the Town’s water and sewer system. The bonds covenants specify that the Town must fund and maintain a sinking fund by depositing one-twelfth of the yearly principal and interest payments in a sinking fund. The bonds covenants also require that a reserve fund be established, not expected to remain in excess of \$247,070 for any great length of time, to (1) pay the cost of repairing or replacing any damage to the system which shall be caused by an unforeseen catastrophe, and (2) paying operating expenses and debt service expenditures on the bonds in the event that the moneys in the sinking fund shall ever be insufficient to meet such payments. The bonds bear interest at a rate of 2.75% per annum. Such bonds are payable annually on September 1<sup>st</sup> of each year through 2051.

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due and may, at their option, declare the outstanding principal and accrued interest to be due and payable immediately and may take possession of the water and wastewater system to repair, maintain, operate or rent the facilities as may be necessary to cure the default.

Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Water and sewer system improvements	4.50%	590,000
Water and sewer system improvements	2.75%	3,226,000
		<u>\$ 3,816,000</u>

Future principal and interest payments for these bonds are as follows:

Fiscal Year Ending September	Principal	Interest	Total
2025	103,000	115,265	218,265
2026	108,000	111,890	219,890
2027	112,000	108,343	220,343
2028	117,000	104,668	221,668
2029	120,000	100,820	220,820
2030-2034	678,000	441,298	1,119,298
2035-2039	762,000	320,392	1,082,392
2040-2044	664,000	214,418	878,418
2045-2049	793,000	116,297	909,297
2050-2051	359,000	14,905	373,905
	<u>\$ 3,816,000</u>	<u>\$ 1,648,296</u>	<u>\$ 5,464,296</u>

A schedule of changes in proprietary fund debt follows:

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Bonds payable	\$ 3,916,000	\$ -	\$ (100,000)	\$ 3,816,000	\$ 103,000
Other post-employment benefits	60,276	1,268	-	61,544	-
Compensated absences	51,543	3,182	-	54,725	13,681
Net pension liability	596,964	-	(226,623)	370,341	-
	<u>\$ 4,624,783</u>	<u>\$ 4,450</u>	<u>\$ (326,623)</u>	<u>\$ 4,302,610</u>	<u>\$ 116,681</u>

**NOTE 11. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM**

**Florida Retirement System**

**General Information** - All of the Town's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, which include the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees who work in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

**Pension Plan**

**Plan Description** - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

**Benefits Provided** - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. This amount increases with every year of additional service up to a maximum of 1.68% of the final average compensation of their five highest years for each year of credited service at age 65 with 33 or more years of service. Vested members with less than 30 years of service may retire

before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service (age 52 if credited service includes at least four years of wartime military service) or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, beginning at 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service and increasing to a maximum of 1.68% of each year up to age 58 (55 with wartime service) and 28 years of special risk service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 (age 52 with wartime experience) with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. The final average compensation for all these members is also based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before August 1, 2011, the annual cost-of-living adjustment is three percent per year. The cost-of-living adjustment for participants with a retirement date or DROP participation date after August 1, 2011 is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement and multiplying by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024, respectively, were as follows:

Class	October 1 2023 - June 30, 2024	July 1, 2024 - September 30, 2024
Regular Class	13.57%	13.63%
Special Risk Class	32.67%	32.79%
Special Risk Administrative Support	39.82%	39.82%
Elected Officers Class	58.68%	58.68%
Senior Management Class	34.52%	34.52%
Deferred Retirement Option Program (DROP)	21.13%	21.13%

The Town's contributions, including employee contributions, to the Pension Plan totaled \$180,775 for the fiscal year ended September 30, 2024.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2024, the Town reported a liability of \$833,327 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The Town's proportionate share of the net pension liability was based on the Town's 2023-2024 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2024, the Town's proportionate share was 0.002154151 percent, which was an decrease of 28.29 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2024, the Town recognized a pension expense of \$153,802. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,188	\$ -
Changes in assumptions	114,215	-
Net difference between projected and actual earnings on Pension Plan investments	-	55,387
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	137,085	219,570
Town Pension Plan contributions subsequent to the measurement date	34,306	-
Total	\$ 369,794	\$ 274,957

The deferred outflows of resources related to the Pension Plan, totaling \$60,531 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a change in the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ (5,362)
2026	58,248
2027	4,246
2028	201
2029	3,198
Thereafter	-
	<u>\$ 60,531</u>

**Actuarial Assumptions** – The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	3.50%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Discount rate	6.70%

Mortality rates were based on the PUB-2010 base table, generationally mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.5%

(1) As outlined in the Pension Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Towns's proportionate share of the net pension liability	\$ 1,465,793	\$ 833,327	\$ 303,503

**Pension Plan Fiduciary Net Position** - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Payables to the Pension Plan** - The Town had no material payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2024.

## **HIS Plan**

**Plan Description** - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Benefits Provided** - For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions** - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution for the period October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024 was 2.00% and 2.00%, respectively. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions, including employee contributions to the HIS Plan totaled \$29,588 for the fiscal year ended September 30, 2024.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2024, the Town reported a liability of \$353,749 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town’s proportionate share of the net pension liability was based on the Town’s 2023-2024 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2024, the Town’s proportionate share was 0.002358174 percent, which was an decrease of 36.57 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Town recognized pension expense of \$258,184. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,416	\$ 679
Changes in assumptions	6,261	41,879
Net difference between projected and actual earnings on HIS Plan investments	-	128
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	120,579	190,293
Town HIS Plan contributions subsequent to the measurement date	5,593	-
Total	\$ 135,849	\$ 232,979

The deferred outflows of resources related to the HIS Plan, totaling \$102,723 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ (13,028)
2026	(16,074)
2027	(23,416)
2028	(16,372)
2029	(8,921)
Thereafter	(24,912)
	\$ (102,723)

**Actuarial Assumptions** – The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.93%

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial valuations were prepared as of July 1, 2024 valuation was based on the results of an actuarial experience study, completed in 2024, for the period July 1, 2018 through June 30, 2023.

**Discount Rate** - The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Town's proportionate share of the net pension liability	\$ 402,698	\$ 353,749	\$ 313,114

**Pension Plan Fiduciary Net Position** - Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Payables to the Pension Plan** - The Town had no payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2024.

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the

ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts at the end of the 2023 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 11.51%, Special Risk Administrative Support class 37.76%, Special Risk class 30.61%, Senior Management Service class 32.46% and Elected Officers class 56.62%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town had 8 participants in the Investment Plan for the fiscal year ended September 30, 2024.

## **NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

### **Plan Description**

The Town has previously established and maintains an employee group health insurance plan (the Plan) that it makes available to eligible retirees in accordance with the State of Florida law and Town ordinance. The Plan is a single employer, experience rated insurance plan that provides medical, dental and vision benefits to eligible retirees and their eligible dependents. The postretirement benefit portion of the Plan refers to the medical, dental and vision benefits applicable to current and future retirees and their eligible dependents. The Plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity.

Membership of each plan consisted of the following:

Date of Actuarial Valuation:	<u>9/30/2024</u>
Retirees and Beneficiaries Receiving Benefits	-
Active Plan Members	<u>6</u>
Total	<u><u>6</u></u>

**Funding Policy**

In prior years, the Town has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit cost and expenses. The contribution requirements of plan members, if any, are established by the Town. Eligible retirees pay the full cost of blended rate premiums associated with the medical plan elected; no direct Town subsidy is currently applicable. However, there are implicit costs of the medical plan for retirees, as their claims experience is higher than the blended rate premiums. State of Florida Law prohibits the Town from separately rating retirees and active employees specifically for medical plan benefits. The Town, therefore, assigns eligible active employees and eligible retirees equal, blended-rate premiums and makes available to both groups the same plan options. Although both groups are assigned the same blended rate premiums, generally accepted auditing principles (GAAP) requires the actuarial liabilities presented below to be calculated using age-adjusted premiums approximating claim costs for eligible retirees separate from active eligible members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

**Basis of Accounting**

The OPEB is recorded in the government-wide financial statements, and the enterprise fund only on the accrual basis of accounting.

**Annual OPEB Costs and Net OPEB Obligation**

The Annual OPEB Cost is the amount that was expensed for the fiscal year. For the year ended September 30, 2024, the Town recognized an OPEB expense of \$16,696. Since the Town's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the Town for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the statement of net position.

**Total OPEB Liability** – The Town’s total OPEB liability as of September 30, 2024 was determined by an actuarial valuation as of October 1, 2023 using September 30, 2024 as the measurement date. The actuarial assumptions used in the October 1, 2020 valuation were as follows:

Inflation	3.00%
Salary Increases	3.00%
Discount Rate	4.06%
Initial Trend Rate	7.00% for 2024
Ultimate Trend Rate	4.50%
Year to Ultimate Trend Rate	10

Mortality assumptions are based upon the PUB-2010 mortality table with an MP-2021 projection.

The discount rate used to discount all future benefit payments is 4.06% per annum and is based on the return of the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
Reporting period ending September 30, 2023	<u>\$ 180,575</u>
Changes for the year:	
Service Cost	4,827
Interest	8,794
Difference between expected and actual experience	(7,599)
Changes in assumptions	10,674
Net changes	<u>16,696</u>
Reporting period ending September 30, 2024	<u><u>\$ 197,271</u></u>

**Sensitivity of the total OPEB liability to changes in the discount rate** – The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current discount rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<u>3.06%</u>	<u>4.06%</u>	<u>5.06%</u>
Total other postemployment benefits liability	<u>\$ 209,234</u>	<u>\$ 197,271</u>	<u>\$ 185,992</u>

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates** – The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower (3.50% to 6.00%) or 1-percentage-point higher (5.50% to 8.00% than the current healthcare cost trend rates:

	1% Decrease (3.50% to 6.00%)	Current Discount Rate (4.50% to 7.00%)	1% Increase (5.50% to 8.00%)
Total other postemployment benefits liability	\$ 183,462	\$ 197,271	\$ 212,853

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the Town reported an amount of \$197,271 for its OPEB liability.

For the fiscal year ended September 30, 2024, the Town recognized an OPEB expense of OPEB of \$16,696. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,430	\$ 37,237
Changes in assumptions	22,207	20,844
Net difference between projected and actual earnings on OPEB Plan investments	-	-
Total	\$ 53,637	\$ 58,081

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ (2,322)
2026	(2,322)
2027	(2,326)
2028	(1,724)
2029	(2,858)
Thereafter	7,108
	\$ (4,444)

**NOTE 13. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Insurance against losses is provided for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials' Liability
- Employee Dishonesty Bond

**NOTE 14. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 15. PRIOR PERIOD ADJUSTMENT**

During the fiscal year 2024 audit, it was determined that certain lease related balances from the year ended September 30, 2023 were not properly presented in the financial statements. The financial statements for the prior year have been restated accordingly.

The Town is the owner and lessor of a cell phone tower in the General Fund. This lease was prematurely treated as terminated in the prior year's financial statements. This resulted in the early removal of the associated lease receivable and deferred inflow of resources from the books, resulting in a loss which was recognized in the government-wide financial statements. In reality, the lease remained in effect, so these lease assets and deferred inflows should not have been derecognized at that time.

The impact of this restatement is as follows:

<u>Governmental Activities</u>	2023	2023 (Restated)
<b>Statement of Financial Position</b>		
Lease receivable	\$ -	\$ 208,692
Deferred inflow of resources	75,074	172,026
Unrestricted net position	(588,087)	(476,347)
<b>Statement of Activities</b>		
Loss on cancellation of lease agreement	(111,740)	-
Net position, end of year	8,234,325	8,328,397

<b><u>General Fund</u></b>	<b>2023</b>	<b>2023</b>
	<b>2023</b>	<b>(Restated)</b>
<b>Balance Sheet</b>		
Lease receivable	\$ -	\$ 208,692
Deferred inflow of resources	-	96,952
Unassigned fund balances	380,934	492,674
<b>Statement of Revenue, Expenses, and Changes in Fund Balance</b>		
Fund balance at end of year	456,686	568,426

**NOTE 16. SUBSEQUENT EVENT**

The Town of Hilliard has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 2, 2025, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF HILLIARD, FLORIDA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2024

	Budgeted Original	Budgeted Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 471,951	\$ 457,925	\$ 457,925	\$ -
Other taxes	108,500	134,714	134,981	267
Intergovernmental	539,450	585,931	585,932	1
Licenses and permits	115,100	126,212	126,213	1
Franchise fees	200,000	223,134	223,134	-
Fines and forfeitures	5,000	1,212	1,212	-
Charges for service	238,350	374,213	374,213	-
Rents and leases	15,128	15,594	4,408	(11,186)
Other fees and miscellaneous	43,145	139,260	96,257	(43,003)
<b>Total revenues</b>	<b>1,736,624</b>	<b>2,058,195</b>	<b>2,004,275</b>	<b>(53,920)</b>
<b>EXPENDITURES</b>				
Current				
General government				
Legislative	59,984	62,695	62,692	3
Executive	147,660	144,169	144,169	-
Finance and administration	489,360	548,305	548,305	-
Comprehensive planning	45,000	38,781	38,781	-
Public safety	122,722	130,007	130,007	-
Transportation	475,612	484,690	484,690	-
Health Services	28,000	19,071	19,071	-
Culture and recreation	482,866	611,196	611,197	(1)
Capital outlay	3,264,728	1,347,219	1,347,218	1
<b>Total expenditures</b>	<b>5,115,932</b>	<b>3,386,133</b>	<b>3,386,130</b>	<b>3</b>
Excess (deficit) of revenues over expenditures	(3,379,308)	(1,327,938)	(1,381,855)	(53,917)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	553,630	184,119	184,119	-
Interest income	85,250	90,584	106,778	16,194
Capital grants	2,283,228	1,105,099	1,105,099	-
<b>Total other financing sources (uses)</b>	<b>2,922,108</b>	<b>1,379,802</b>	<b>1,395,996</b>	<b>16,194</b>
Net change in fund balance	(457,200)	51,864	14,141	(37,723)
Fund balance at beginning of year (restated)	568,426	568,426	568,426	-
Fund balance at end of year	<b>\$ 111,226</b>	<b>\$ 620,290</b>	<b>\$ 582,567</b>	<b>\$ (37,723)</b>

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**SPECIAL REVENUE FUND**  
**LOCAL OPTION GAS TAX FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2024**

	Budgeted Original	Budgeted Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 248,386	\$ 209,283	\$ 209,283	\$ -
Total revenues	<u>248,386</u>	<u>209,283</u>	<u>209,283</u>	<u>-</u>
<b>EXPENDITURES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	248,386	209,283	209,283	-
Fund balance at beginning of year	1,006,425	1,006,425	1,006,425	-
Fund balance at end of year	<u>\$ 1,254,811</u>	<u>\$ 1,215,708</u>	<u>\$ 1,215,708</u>	<u>\$ -</u>

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**SPECIAL REVENUE FUND**  
**DISCRETIONARY SALES TAX FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2024**

	Budgeted Original	Budgeted Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 576,857	\$ 596,665	\$ 596,665	\$ -
Total revenues	<u>576,857</u>	<u>596,665</u>	<u>596,665</u>	<u>-</u>
<b>EXPENDITURES</b>	-	-	-	-
Excess of revenues over expenditures	576,857	596,665	596,665	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest income	25,000	31,982	31,982	-
Interfund transfers out	(1,103,630)	(707,318)	(707,318)	-
Total other financing sources (uses)	<u>(1,078,630)</u>	<u>(675,336)</u>	<u>(675,336)</u>	<u>-</u>
Net change in fund balance	(501,773)	(78,671)	(78,671)	-
Fund balance at beginning of year	869,515	869,515	869,515	-
Fund balance at end of year	<u>\$ 367,742</u>	<u>\$ 790,844</u>	<u>\$ 790,844</u>	<u>\$ -</u>

See notes to the financial statements.

**TOWN OF HILLIARD, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended September 30, 2024

**I. Stewardship, Compliance, and Accountability**

**A. Budgetary information.** The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Clerk submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

**TOWN OF HILLIARD, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

Reporting Period Ending	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>							
Service cost	\$ 4,827	\$ 4,910	\$ 8,784	\$ 7,101	\$ 8,001	\$ 7,102	\$ 7,136
Interest	8,794	8,422	4,638	3,136	5,306	4,558	4,359
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	7,599	8,247	1,587	39,433	34,795	10,321	6,024
Changes in assumptions	10,674	1,072	26,145	5,343	19,822	1,015	-
Benefit payments	-	-	-	-	-	-	-
Net change in total OPEB liability	<u>16,696</u>	<u>4,013</u>	<u>14,310</u>	<u>44,327</u>	<u>1,666</u>	<u>22,996</u>	<u>5,471</u>
Total OPEB liability, beginning	<u>180,575</u>	<u>176,562</u>	<u>190,872</u>	<u>146,545</u>	<u>148,211</u>	<u>125,215</u>	<u>119,744</u>
Total OPEB liability, ending	<u>\$ 197,271</u>	<u>\$ 180,575</u>	<u>\$ 176,562</u>	<u>\$ 190,872</u>	<u>\$ 146,545</u>	<u>\$ 148,211</u>	<u>\$ 125,215</u>
Covered-employee payroll	\$ 965,363	\$ 890,133	\$ 896,968	\$ 893,088	\$ 762,479	\$ 732,477	\$ 653,981
Total OPEB liability as a percentage of covered-employee payroll	20.43%	20.29%	19.68%	21.37%	19.22%	20.23%	19.15%

**Notes to Schedule:**

GASB 75 requires information for 10 years. Until a full 10 year trend is compiled only those years for which information is available is presented.

The Town does not fund the OPEB plan through a trust that meets the criteria in GASB Statement No. 75 paragraph 4 and no ARC has been calculated therefore no schedule of contributions has been presented.

Methods and assumptions used in actuarial valuation of OPEB liability:

Valuation date: 10/1/2023

Census date: 9/30/2024

Actuarial cost method: Entry Age Normal

Asset valuation method: Market

Inflation: 3.00%

Participation Rate: 80%

Healthcare cost trend rates: 7% decreasing to 4.5% ultimate over 10 years

Salary increases: 3.00%

Retirement age: 100% at 62 and vested

Mortality: PUB 2010 with MP2021 projection

Investment rate of return (discount rate): 4.06%

Benefit changes: None

Changes in assumptions: Healthcare trend rates changed from 8% decreasing to 5% over 7 years to 7% decreasing to 4.5% over 10 years.

**TOWN OF HILLIARD, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM**  
**LAST 10 FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the FRS net pension liability (asset)	0.002154151%	0.003004022%	0.002322179%	0.002285661%	0.002176129%	0.002149189%	0.002094049%	0.002017062%	0.002102171%	0.002091187%
Town's proportionate share of the FRS net pension liability (asset)	\$ 833,327	\$ 1,197,008	\$ 864,038	\$ 172,656	\$ 943,166	\$ 740,151	\$ 630,739	\$ 596,633	\$ 530,800	\$ 275,574
Town's proportion of the HIS net pension liability (asset)	0.002358174%	0.003717812%	0.002333802%	0.002234101%	0.002139214%	0.002084895%	0.001990617%	0.001942035%	0.001970390%	0.002005955%
Town's proportionate share of the HIS net pension liability (asset)	353,749	590,438	247,187	274,046	261,194	233,279	210,689	207,651	229,641	204,576
Town's proportionate share of the total net pension liability (asset)	\$ 1,187,076	\$ 1,787,446	\$ 1,111,225	\$ 446,702	\$ 1,204,359	\$ 973,430	\$ 841,428	\$ 804,284	\$ 760,441	\$ 480,150
Town's covered-employee payroll	\$ 1,105,420	\$ 1,372,901	\$ 854,795	\$ 754,680	\$ 748,053	\$ 708,884	\$ 699,740	\$ 626,425	\$ 606,433	\$ 611,101
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	107.39%	130.19%	130.00%	56.01%	157.94%	138.16%	116.57%	126.96%	125.40%	78.57%
Plan fiduciary net position as a percentage of the total pension liability	78.79%	78.79%	79.09%	91.09%	74.46%	78.22%	79.86%	79.30%	79.36%	86.53%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

**TOWN OF HILLIARD, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM**  
**LAST 10 FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 180,775	\$ 207,686	\$ 132,274	\$ 93,683	\$ 80,140	\$ 71,541	\$ 80,142	\$ 73,631	\$ 68,901	\$ 70,234
Contractually required HIS contribution	29,588	35,147	18,850	14,129	13,663	12,428	82,160	14,412	13,575	10,495
<b>Total Contractually Required Contributions</b>	<b>210,363</b>	<b>242,833</b>	<b>151,124</b>	<b>107,812</b>	<b>93,803</b>	<b>83,969</b>	<b>162,302</b>	<b>88,043</b>	<b>82,476</b>	<b>80,729</b>
Contribution in relation to the contractually required contribution	(210,363)	(242,833)	(151,124)	(107,812)	(93,803)	(83,969)	(94,638)	(88,043)	(82,476)	(80,729)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 67,664</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Town's covered-employee payroll	\$ 1,041,756	\$ 1,539,245	\$ 873,868	\$ 797,577	\$ 762,548	\$ 704,569	\$ 721,827	\$ 633,480	\$ 605,259	\$ 609,954
Contributions as a percentage of covered-employee payroll	20.19%	15.78%	17.29%	13.52%	12.30%	11.92%	13.11%	13.90%	13.63%	13.24%

**TOWN OF HILLIARD, FLORIDA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND REQUIRED CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM**  
**For the Fiscal Year End September 30, 2024**

**Net Pension Liability**

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2024, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$237,370,289,000	\$ 15,757,751,902
Plan fiduciary net position	(198,685,586,034)	(756,775,056)
	\$ 38,684,702,966	\$ 15,000,976,846
Plan fiduciary net position as a percentage of the total pension liability	83.70%	4.80%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

**Basis for Allocation**

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2015 through 2024, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2024, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported, and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

### **Actuarial Methods and Assumptions**

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018 through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Pub-2010 base table.

The following changes in actuarial assumptions occurred in 2024:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect the recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

**COMPLIANCE SECTION**

**TOWN OF HILLIARD, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended September 30, 2024

<u>GRANTOR/PROGRAM TITLE</u>	Assistance Listing #/ CSFA #	Contract Number	Award Amount	Reported in Prior Years	Revenue	Expenditures
<b>Federal Awards</b>						
<i>US Department of Transportation - Federal Aviation Administration</i>						
Airport Improvement Program**	20.106	3-12-0099-017-2024	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Airport Improvement Program**	20.106	3-12-0099-019-2025	615,790	-	246,000	246,000
Total US DOT Federal Aviation Administration			<u>1,215,790</u>	<u>-</u>	<u>846,000</u>	<u>846,000</u>
Total federal awards			<u>\$ 1,215,790</u>	<u>\$ -</u>	<u>\$ 846,000</u>	<u>\$ 846,000</u>
<b>State Financial Assistance</b>						
<i>Florida Department of Environmental Protection</i>						
FRDAP - North Oxford Street Park Phase II	37.017	A21009	\$ 200,000	\$ -	\$ 4,750	\$ 4,750
Statewide Water Quality Restoration Project**	37.039	LP0302	609,000	12,000	597,000	597,000
Total Florida Department of Environmental Protection			<u>809,000</u>	<u>12,000</u>	<u>601,750</u>	<u>601,750</u>
<i>Florida Department of Transportation</i>						
Aviation Grant Program - Land purchase	55.004	G2791	464,000	32,060	60,452	60,452
Aviation Grant Program - Environmental assessment	55.004	G1Z49	55,000	-	13,750	13,750
Aviation Grant Program - New box hangar	55.004	G2B73	391,000	-	44,576	44,576
Aviation Grant Program - Obstruction removal	55.004	G2W38	300,000	-	9,391	9,391
Aviation Grant Program - Land purchase	55.004	G2T24	116,444	-	94,000	94,000
Total Florida Department of Transportation			<u>1,326,444</u>	<u>32,060</u>	<u>222,169</u>	<u>222,169</u>
<i>Executive Office of the Governor</i>						
Local Emergency Management and Mitigation Initiatives - Community Center/Hurricane Shelter	31.064	F0122	5,890,200	-	2,607	2,607
Total state financial assistance			<u>8,025,644</u>	<u>44,060</u>	<u>826,526</u>	<u>826,526</u>
Total federal awards and state financial assistance			<u>\$ 9,241,434</u>	<u>\$ 44,060</u>	<u>\$ 1,672,526</u>	<u>\$ 1,672,526</u>

\*\*Selected as a major project/program for single audit testing  
See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

**TOWN OF HILLIARD, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended September 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the Town of Hilliard, Florida (the “Town”) have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget *Uniform Guidance*.

**A. Reporting Entity**

This reporting entity consists of the Town, and each of its component units. The Town includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

**B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**C. Grant Awards**

As required by OMB *Uniform Guidance*, federal grant awards drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. INDIRECT COST RATE**

The Town of Hilliard did not elect to use the 10 percent de minimis indirect cost rate.

**NOTE 3. SUBRECIPIENTS**

The Town of Hilliard did not pass any of the State or Federal funding received through to subrecipients.



## Powell and Jones CPA

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

April 20, 2025

To the Town Council  
Town of Hilliard, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hilliard, Florida (the Town) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 20, 2025.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

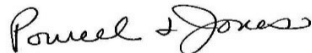
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency that we consider to be significant, which is addressed in the Statement of Questioned Costs and Findings, Section 2, below.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Powell & Jones".

**Powell and Jones CPA**  
Lake City, Florida  
April 20, 2025



## Powell and Jones CPA

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

April 20, 2025

To the Town Council  
Town of Hilliard, Florida

#### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Town of Hilliard, Florida's (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2024. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

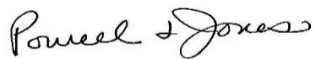
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Powell & Jones CPA**  
Lake City, Florida  
April 20, 2025



## Powell and Jones CPA

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, OFFICE OF THE AUDITOR GENERAL**

April 20, 2025

To the Town Council  
Town of Hilliard, Florida

#### **Report on Compliance for Each Major State Project**

##### ***Opinion on Each Major State Project***

We have audited Town of Hilliard, Florida's (the Town) compliance with the types of compliance requirements in the State of Florida, Department of Financial Services State Projects Compliance and Supplement that could have a direct and material effect on each of the Town's major state projects for the year ended September 30, 2024. The Town's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2024.

##### ***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's state projects.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

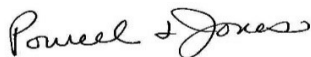
**Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Pursuant to Chapter 119, *Florida Statutes*, this report is a public record, and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Town's management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**Powell & Jones CPA**  
Lake City, Florida  
April 20, 2025

**TOWN OF HILLIARD, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2024**

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified	None reported
• Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted	None reported

**Federal Awards Programs**

Internal control over major programs:	
• Material weakness identified	None reported
• Significant deficiencies identified	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)	None reported

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Program</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
--	-----------

Auditee qualified as low-risk auditee?	No
--	----

**TOWN OF HILLIARD, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended September 30, 2024**

**State Financial Assistance**

Internal control over major projects:

- Material weakness identified? No
- Reportable condition identified, not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major projects Unmodified

Any audit findings disclosed that are required to be reported in accordance with Rule 10.557 *Rules of the Auditor General*? None reported

CSFA Number

37.039

Name of Program

Statewide Water Quality Restoration Project

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

**TOWN OF HILLIARD, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended September 30, 2024

**SECTION 2. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS**

*Findings for Material Weaknesses*

None reported in the current year.

*Findings for Significant Deficiencies*

**Significant Deficiency 2024-1: Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge or experience to oversee service an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

The response provided by management was not subjected to auditing procedures in the audit, and therefore, we express no opinion on it.

**MANAGEMENT'S RESPONSE**

*We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.*

*At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.*

The response provided by management was not subjected to auditing procedures in the audit, and therefore, we express no opinion on it.

**TOWN OF HILLIARD, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended September 30, 2024

**SECTION 3. FEDERAL AWARD AND STATE PROGRAM FINDINGS AND QUESTIONED COSTS**

**Findings for Material Weaknesses**

None reported in the current year.

**Findings for Significant Deficiencies**

None reported in the current year.

**SECTION 4. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Significant Deficiency 2009-1: Financial Statement Preparation (Excess of third preceding year)**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge or experience to oversee service an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

The circumstances surrounding this finding are substantially the same, and this finding has been continued as finding 2024-1.



# Powell and Jones CPA

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

## MANAGEMENT LETTER

To the Town Council  
Town of Hilliard, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Hilliard, Florida (the Town), for the year ended September 30, 2024, and have issued our report thereon dated April 20, 2025

### Auditor’s Responsibility

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditor’s Reports on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 20, 2025, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The following finding was included in the preceding reports:

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2022-23 FY Finding No.	2021-22 FY Finding No.
2024-1	2009-1	2009-1

**AUDITOR GENERAL COMPLIANCE MATTERS**

**Official Title and Legal Authority** – Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in Note 1 of the financial statements.

**Financial Condition and Management** – Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management’s responsibility to monitor the Town’s financial condition, and our financial condition assessment was based in part on the representations made by management and review of financial information provided by the same.

Additionally, section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Below are significant results of our review as well as any recommendations.

**Deteriorating Financial Conditions** – From our audit procedures in the current and prior years, we found the following conditions which together comprised “deteriorating financial conditions” as defined by Chapter 10.550 Rules of the Auditor General:

The Enterprise Fund showed the following trends:

	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Operating Income/(Loss)	\$ (452,925)	\$ (621,090)	\$ (689,253)	\$ (463,294)	\$ (384,628)	\$ (385,158)
Unrestricted Net Position	2,124,866	1,544,978	40,983	810,021	957,090	1,050,047
Unrestricted Cash Balance	1,496,611	2,140,100	816,894	1,151,084	1,269,934	1,388,637
Cash Flow	\$ (567,848)	\$ 1,438,590	\$ (295,868)	\$ (104,288)	\$ (78,648)	\$ 44,562

In the current year, the Enterprise Fund showed an overall increase in Unrestricted Net Position of \$579,888. This was primarily due to the transfer of over \$500,000 in funds to be used for infrastructure projects as was determined by the Town Council. The increase does not reflect the operational performance of the Town’s Enterprise Fund as a whole.

To correct these deteriorating financial conditions, we recommend that the Town continue to implement strict measures during the budget cycle to ensure that revenues are sufficient to fund expenditures and replenish the needed fiscal reserves in the Enterprise Fund. Additionally, we would recommend that beyond what the Town already does with MCI to assess rates, that it do what is necessary to bring billing rates in line with amounts that will provide sufficient revenue to meet the annual costs of providing utility services to its constituency.

**Property Assessed Clean Energy Programs (PACE)**

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town's geographical boundaries during the fiscal year under audit.

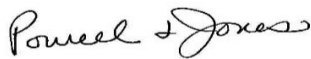
Additional Matters - Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Rural Economic and Community Redevelopment Requirements - We are providing the following information relative to our examination of the financial statements of the Town, for the year ended September 30, 2024, as provided in the audit requirements for the USDA-Rural Development borrowers.

1. Generally accepted auditing procedures were performed in this audit.
2. Internal control was evaluated and discussed in the prior sections of this audit report.
3. Accounting records and physical control over assets were adequate.
4. The accounting records of the Town have been adjusted to agree with the audited financial statements.
5. The Town's funds are in institutions insured by the Federal government and are authorized depositories of Florida public funds.
6. A summary of the Town's insurance coverage is shown in the annual report to the USDA-Rural Development.
7. The Town is exempt from Federal Income Tax.
8. We found nothing to indicate that financial compliance with the loan agreements had not occurred.

**Purpose of This Letter**

Our Management Letter is intended solely for the information of and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Town's Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



**Powell and Jones CPA**

Lake City, Florida

April 20, 2025



**Powell and Jones CPA**

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

**INDEPENDENT ACCOUNTANT'S REPORT**

To the Town Council  
Town of Hilliard, Florida

We have examined the Town of Hilliard, Florida's (the Town's) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2024. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

This report is intended solely for the information and use of the Town and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

**Powell and Jones CPA**  
Lake City, Florida  
April 20, 2025



## Powell and Jones CPA

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

### Communication with Those Charged with Governance

To the Town Council  
Town of Hilliard, Florida

We have audited the financial statements of the Town of Hilliard, Florida (the Town) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant Audit Findings**

##### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

##### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 20, 2025

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

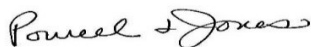
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Information in Documents Containing Audited Financial Statements**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

This information is intended solely for the use of the Town Council management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



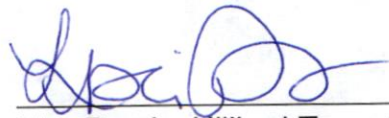
**Powell and Jones CPA**  
Lake City, Florida  
April 20, 2025

**SYSTEM DEVELOPMENT CHARGE - IMPACT FEES AFFIDAVIT**

BEFORE ME, the undersigned authority, personally appeared Lisa Purvis, Town Clerk for the Town of Hilliard, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the Town of Hilliard which is a municipal corporation of the State of Florida.
2. The governing body of the Town of Hilliard adopted Ordinance No. 2005-02 on the 3<sup>rd</sup> day of March 2005; implementing an impact fee by establishing water and sewer system development charges, to provide new definitions; to establish a formula for assessing the system development charges, to provide for time of payment; to provide for use of proceeds; to provide for annual review; to provide for severability; repeal of ordinances in conflict and establish an effective date.
3. The Town of Hilliard has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

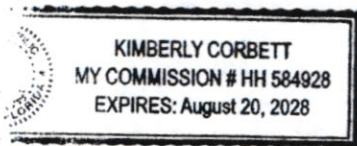
FURTHER AFFIANT SAYETH NAUGHT.




\_\_\_\_\_  
Lisa Purvis, Hilliard Town Clerk

STATE OF FLORIDA  
COUNTY OF NASSAU

SWORN TO AND SUBSCRIBED before me this 6<sup>th</sup> day of February, 2005



  
\_\_\_\_\_  
NOTARY PUBLIC  
Print Name Kimberly Corbett

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

08/20/2008